Setting up of New Private Banks

2973. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI propose to approve setting up of new private banks; and

(b) if so, the details of the privage banks likely to be approved?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Reserve Bank of India (RBI) has issued revised guidelines in January, 2001 on entry of new banks in the private sector. These guidelines, *inter-alia,* stipulate initial minimum paid-up capital for a new bank shall be Rs. 200 crore (which shall be increased to Rs. 300 crore in three years), minimum -promoter's contribution of 40% of the paid up capital, maintaining arms-length relationship with business entities in the promoter group, no large industrial house shall promote a new bank, maintenance of minimum capital adequacy ratio of 10%, permitting conversion of NBFCs with good trek record into banks etc. RBI has reported that it has received 10 applications which were referred to a High-Level Advisory Committee set up by RBI and it has submitted its recommendations, which are under examination of RBI.

Violation of RBI Instructions by Oriental Bank of Commerce

2974. SHRI BHAGATRAM MANHAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that gross violation of Reserve Bank of India instructions have been committed by Oriental Bank of Commerce (OBC) in stock investment schemes;

(b) what are the names of the borrowers/beneficiaries under the above scheme and what are the nature of violations/irregularities committed by the OBC;

(c) whether Reserve Bank of India has imposed and recovered penalty from the bank and if so, what is the amount of penalty recovered; and